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TO RUEHC/SECSTATE WASHDC PRIORITY 4989  
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RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 LONDON 000364

SIPDIS  
NOFORN

EO 12958 DECL: 02/16/2020  
TAGS ECON, EINV, PGOV, UK  
SUBJECT: BANK OF ENGLAND GOVERNOR: CONCERN ABOUT RECOVERY,  
CONSERVATIVES' READINESS, AND THE UK IN THE EU

Classified By: Ambassador Louis B. Susman for reasons 1.4 b and d.

1. (C/NF) Summary. Reining in the UK's debt will be the greatest challenge facing the party that wins the expected May 6 general election, Bar  
Bleak UK and Global Economic Picture  
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2. (C/NF) For the next ten months, the UK faces the challenge of adopting deficit-reduction measures, controlling inflation and addressing ris

3. (C/NF) The global picture was also worrisome, commented King. At the February 6 G7 meeting in Iqualit, Canada, the German and Japanese Fins  
Conservatives - Not Prepared  
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4. (C/NF) Conservative leaders David Cameron and George Osborne do not fully grasp the pressures they will face when attempting to cut back or

5. (C/NF) King also expressed concern about the Tory party's lack of depth. Cameron and Osborne have only a few advisors, and seemed resistant  
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Greece's Problems Will Re-Define Euro-Zone  
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6. (C/NF) Germany and France will ultimately have no choice but to offer explicit guarantees of Greek debt, argued King. The euro-zone could r

7. (C/NF) The euro-zone's move to greater political cohesion could poise some disadvantages for the UK, King speculated. During the February 1  
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SUSMAN